

Office of Legislative Counsel

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NOTE FOR: All Morning Meeting Participants

SUBJECT: DCI-Designate Confirmation
Hearings - 13 January 1981

Attached, for your information, is
William J. Casey's opening statement before
the SSCI.

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Frederick P. Hitz
Legislative Counsel

Attachment:
As Stated

OPENING STATEMENT OF WILLIAM J. CASEY
BEFORE THE SENATE SELECT COMMITTEE ON INTELLIGENCE
13 JANUARY 1981

Mr. Chairman, I am William J. Casey. I have been nominated by the President-elect to serve as Director of Central Intelligence. It is an honor for me to be here today to meet with you and the other members of the Committee for the purpose of discussing my qualifications for this post. I believe it to be vital that this nation have a strong and effective intelligence organization with a wide range of capabilities and the flexibility to adapt and focus them on whatever exterior threats or problems confront the President, the National Security Council, the Congress, and the Executive Branch. It may be helpful to outline the experiences which have formed my views on intelligence.

In World War II, as a naval officer, I had intelligence assignments first in Washington as an aide to William J. Donovan, then the director of the Office of Strategic Services, and subsequently in London as an aide to Colonel David K.E. Bruce, the commanding officer of the Office of Strategic Services in the European Theatre of War commanded by General Eisenhower. Our activities there consisted primarily of working with British and French intelligence and supporting French resistance forces to develop support for the allied armies which invaded and liberated France. When it became clear in the Fall of 1944 that there would be hard fighting in Germany, I became engaged in shifting what had

been a French-oriented organization, to one that could function effectively in Germany. When we were surprised by the Hitler counter-offensive in what became known as the Battle of the Bulge, I was appointed Chief of Secret Intelligence for OSS in the European Theatre. In this capacity, I was charged with sending observers to rail and other transportation centers in Germany to report on the movement of German forces, targets suitable for air attack and similar military information.

For a few years immediately after World War II, I worked with General Donovan, General Quinn, who is here today, and with colleagues in wartime intelligence in urging that our nation needed a permanent central intelligence and in studying how such an organization should be organized and function. Since that time, I have spent my working life as a practicing lawyer and as an author, editor and entrepreneur, all of these activities involving somewhat the same kind of gathering, evaluation and interpretation of information which good intelligence work requires. I maintained an interest in foreign policy and national defense. As a founding director of the National Strategy Information Center, I supported the establishment of chairs and professorships in national security on 200 campuses throughout the United States.

During 1969, President Nixon appointed me to the General Committee on Arms Control, on which I served during the preparation and negotiations for SALT I. This experience impressed upon me the vital significance of good intelligence

in establishing adequate defense, in negotiating arms control arrangements and in verifying that those arrangements are being observed. I was also a consumer of intelligence as Under Secretary of State in 1973 and 1974. As a member of the Commission of the Organization of the Government for the Conduct of Foreign Policy, known as the Murphy Commission after its chairman Robert Murphy, I took a special interest in the organization of the intelligence community, in improving the relevance and quality of analysis and developing a more effective relationship between producers and consumers of intelligence.

In 1976, President Ford appointed me a member of the President's Foreign Intelligence Advisory Board. There my special interests were economic intelligence and the experiment in the competitive analysis of Soviet strategic intentions, the potential capabilities of Soviet air defense and the accuracy of Soviet missiles.

There is no need for me to describe to this Committee the varied and complex challenges that confront our nation, the complexity of the political, military and economic forces with which we must deal or the importance of good intelligence to the formulation and execution of effective policies. If I am confirmed for the position for which I have been nominated, it will be my purpose to provide for our policymakers, in the Congress as well as the Executive Branch, timely and accurate information, analysis and estimates on which they can rely, in establishing the defensive strength that we need, in seeking arms control,

in developing and maintaining satisfactory relations with other nations, and in competing in an increasingly interdependent global economy. Our foreign policies and defense strategies can never be better for long than our intelligence capabilities. In an era of increasing military vulnerability, effective intelligence is of far greater importance than it may have been some years ago when we had clear military superiority. Anticipating potential problems, understanding the reasons behind events and foreseeing all the potential opportunities -- both diplomatic and military -- will be critical to successful international relations over the next decade. We are in a period where investments in intelligence capabilities will yield major returns.

Generally, there is poor public perception and understanding of the value of the American intelligence community to the security of the free world. The CIA, in particular, suffers institutional self-doubt. Many of its most competent officers have retired or are about to retire. The morale of much of the agency is low. Too often the agency has been publicly discussed as an institution which must be tightly restrained, stringently monitored or totally reorganized. Little has been done in recent years to stress publicly the critical role which the intelligence community must play in the formulation and execution of our nation's foreign policies and defense strategies. Too many have worked to reduce the feeling of self-worth of intelligence officers. Too few

have worked to motivate the best minds in this country to see the intelligence profession as one which is desperately needed for our national security.

While members of the community realize that they cannot receive public recognition for particular tasks well done, they rightfully expect the support of the government which they serve. All too often their "failures" are widely publicized, but their "successes" by their very nature are generally hidden.

We need to make it clear that, while we work to improve it, the intelligence community has our full trust and confidence, that the intelligence profession is one of the most honorable professions to which Americans can aspire, and that we have an appreciation for the dedication and professionalism of its members. We should call on young Americans to serve their country in the field of intelligence. We should ask American scholars to serve their country by sharing their scholarship and insights with those in the community who are responsible for preparing the intelligence analyses used to develop foreign policy and defense strategy.

In the months ahead, this nation will continue to confront major international crises. This is not the time for another bureaucratic shake-up of the CIA. Instead, it is a time to make American intelligence work better and become more effective and more competent and make the members of its establishment respected and honored.

In almost every instance in recent years, so-called "intelligence failures" have been the result of shortcomings in intelligence analysis. The necessary relevant information was generally available, but sometimes either good analyses or sound conclusions did not follow. To be truly beneficial to consumers, data collected must be subjected to critical and insightful analysis conducted by trained, competent professionals who have a rich background in the subjects involved. The issues which we have to deal with require the best analytical capabilities applied to unclassified as well as classified sources.

The attractiveness of intelligence analysis as a profession, part-time as well as full-time, should be increased. We must tap the insights of the nation's scholars in the effort to upgrade the quality of intelligence analysis. We must search for new and better ways to get continuing input from the outside world in order to gather information available inside and outside the government and get the best analyses of the full range of views and data available. A revival of the President's Foreign Intelligence Advisory Board can contribute substantially to this, and there are many other possibilities. When I was Chairman of the Securities and Exchange Commission, I created a large number of task forces made up of members of the SEC staff and people experienced in various phases of the investment industry. Assigned to report on regulatory needs for new forms of investment and trading, on minimizing paperwork and regulatory

burdens, making investment analyses more widely available, and similar subjects, we observed insight and perspective which was just not available in Washington.

It is not enough to have good information and accurate assessments. The findings and views of the intelligence community must be forcefully and objectively presented to the President and the National Security Council. I assure you that I will present these views without subjective bias and in a manner which reflects strongly held differences within the intelligence community. It will be my purpose to develop estimates which reflect a range of likely developments for which policymakers must prepare in a manner which emphasizes hard reality undistorted by preconceptions or wishful thinking. As we look back at the recent past, we need to remember how early intelligence reports on Soviet missiles in Cuba in 1962, on Soviet divisions preparing to enter Czechoslovakia in 1968, on Arab preparations to attack Israel in 1973, were obscured by judgments that it would not be sensible for these weapons and divisions to have other than defensive or training purposes. Alternative possibilities and their implications must be fully set forth in our assessments so that they can be reflected in our preparation and in our policies.

To carry out its assignment, the intelligence community needs both public support and the full participation and cooperation of the Congress. I am pleased that after a period

of turmoil the Executive and Legislative Branches have now institutionalized their arrangements in the Intelligence Authorization Act of 1981. I pledge care and diligence in protecting the legal rights of American citizens. I pledge also to work closely with Congress on this as well as in monitoring and improving the performance of the intelligence community. Particularly through the Intelligence Committee's study of U.S. intelligence products, procedures and budgets, Congress will provide a valued independent source of review to ensure we are achieving all that is humanly possible and the Congress will be in a position to provide any necessary legislation.

I will cooperate fully in facilitating the oversight through which Congress can ensure that the intelligence community operates within the limits of the law. This will provide the American people with additional assurance that U.S. intelligence will fully respect their civil liberties, and further strengthen public confidence in our intelligence community.

We have a common purpose in having a comprehensive intelligence system of unqualified preeminence, operating efficiently and within the requirements of our laws.

I expect to conclude that there are some steps which should be taken to improve our intelligence performance. If confirmed, I will promptly, in consultation with the leaders of the intelligence community and the Congress, review without

preconception the system as it now exists and how it is working.

Many Senators and Congressmen have put forward a number of suggestions to protect the identities of U.S. intelligence officers and provide relief from some aspects of the Freedom of Information Act. I, too, share the concerns that led to these actions, and I hope that Congress will complete the important work initiated in the last session.

I will examine how we are utilizing the resources we have to produce intelligence. Are we attracting enough of the best people, and providing them with the best possible training? And, are we providing adequate incentives so that we can keep the most competent of those we have now? I know you and your counterpart committee in the House, and academic experts outside of the Congress, have been studying these matters. I would plan to review my findings with you as soon as possible to determine how we can build on our strenghts and reduce areas of weakness.

I welcome any questions you may have.

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DD/A 81-0014

6 JAN 1981

MEMORANDUM FOR: Executive Secretary

FROM: Don I. Wortman
Deputy Director for Administration

SUBJECT: "Turnover Papers" for the DCI-designate

REFERENCE: Your Multi-adse Memo dtd 30 Dec 80,
Subject: Briefings for New DCI

Attached, per your request, is my submission
for inclusion in the DCI-designate briefing book.

DON WORTMAN
Don I. Wortman

Attachment:
A/S

cc: Executive Registry
DD/A

Downgrade to UNCLASSIFIED
When Separated From Attachment

Distribution:

Orig - Executive Secretary w/att	1 - DDA/MS Chrono w/o att
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1 - DDA Chrono w/o att	

DDA/MS:

(6 Jan 81)

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6 JAN 1981

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I. Directorate of Administration

FUNCTION: The Directorate is responsible for providing both administrative and operational support to all Agency activities and to selected other Intelligence Community organizations.

DIRECTORATE STRENGTH:

DIRECTORATE FUNDS:

DEPUTY DIRECTOR:

Don I. Wortman

ASSOCIATE DEPUTY DIRECTOR: William N. Hart

25X1

II. Organization

A. OFFICE OF THE DEPUTY DIRECTOR FOR ADMINISTRATION

FUNCTION: The Deputy Director for Administration provides executive direction and leadership for his components and advice to the DCI and DDCI. He is assisted by staffs concerned with information handling, planning and program evaluation, program and budget analysis, career management, equal employment opportunity, and specialized administrative support to the Directorate of Operations.

B. OFFICE OF COMMUNICATIONS DIRECTOR:

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FUNCTION: The Director of Communications is responsible for installation, maintenance and operation of the CIA's worldwide telecommunications network.

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C. OFFICE OF DATA PROCESSING DIRECTOR: Bruce T. Johnson

FUNCTION: The Director of Data Processing is responsible for providing centralized data processing systems, both hardware and software, in support of Agency-wide requirements.

D. OFFICE OF FINANCE DIRECTOR: Edward L. Sherman

FUNCTION: The Director of Finance is responsible for developing and maintaining the Agency's financial accounting systems and for providing Agency-unique operational and administrative support.

E. OFFICE OF INFORMATION SERVICES DIRECTOR: Thomas H. White

FUNCTION: The Director of Information Services is responsible for planning and managing the Agency Records Management Program, coordinating and responding to public requests under the Freedom of Information and Privacy Acts, implementing Executive Order 12065 concerning national security classification and declassification of Agency records and other information, and maintaining the Agency regulatory system.

F. OFFICE OF LOGISTICS DIRECTOR: James H. McDonald

FUNCTION: The Director of Logistics is responsible for planning and implementing worldwide Agency logistics support; for the procurement, distribution, accountability, and disposition of Agency equipment, supplies,

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and real estate; for engineering services; for transportation of equipment and supplies; and for printing, mail, and courier service.

G. OFFICE OF MEDICAL SERVICES DIRECTOR: Robert A. Ingram

FUNCTION: The Director of Medical Services is responsible for planning and directing a worldwide Agency medical support program.

H. OFFICE OF SECURITY DIRECTOR:

FUNCTION: The Director of Security is responsible for maintaining an integrated personnel, physical, and technical security program for the Agency and for chairing the DCI's Communitywide Security Committee.

I. OFFICE OF TRAINING AND EDUCATION DIRECTOR: Donald E. Smith

FUNCTION: The Director of Training and Education is responsible for developing, coordinating, and conducting instructional programs for Agency personnel, for selected personnel from the U.S. Intelligence Community, and for representatives of foreign intelligence services.

J. ADMINISTRATION DIRECTORATE FY 1981 RESOURCES

ODDA
Communications
Data Processing
Finance
Information Services
Logistics
Medical Services
Security
Training and Education
SLUC

TOTAL

III. Missions

Our mission is to provide worldwide communications, data processing, logistics, security, training, finance, medical services, and information services support to the CIA and others in a manner that is responsive to both the need and the operational circumstance surrounding the need -- a task required of few others in our government.

IV. Special Emphasis Over Past 4 Years

A. Information Handling Task Force

25X1 In 1979, the CIA Executive Committee commissioned a one year study to address the creation, movement, use, storage, retrieval, and disposal of information in CIA. The final report recommended the creation of an architect for Information Services, resident in the DDA, whose role would be to plan for Agency information systems and to coordinate component-level system designs. The Architect assumed his responsibilities on 5 January 1981.

C. Career Trainee Support

25X1 The Office of Training and Education is tasked with recruiting and training for the Career Trainee Program, the primary source for entry-level Operations Officers for the DDO. The number of enrollees in the CT program has continued to increase and to strain our abilities to provide operations training. The DDO requirement is for [] recruited, selected, and trained CT's a year.

D. Security Review Process

In the aftermath of the Kampiles and the Boyce/Lee espionage cases, strong emphasis was placed on personnel security and on the integrity of both staff and industrial contractor employees. Concomitant with this enhanced personnel security effort was an increased emphasis on the physical and procedural aspects of the total security program.

V. Intended Special Thrusts Over Next Year

A. Communications Recapitalization

25X1 The Agency's current communications systems and equipments are largely products of the 1950's and early 1960's. During the 1970's the Office of Communications was prevented from technological growth by a series of budget and personnel reductions. The end result is that the worldwide network is now deficient in its service capability and capacity. Current and planned investments in modern information handling and collection systems will not yield the anticipated benefits without the recapitalization of the supporting communications services. [] in procurement funds will be required during the period FY-83/FY-86. Our efforts in the next year will be directed towards obtaining those needed funds and towards the development of complete plans and schedules for the recapitalization effort.

B. FOIA Relief

The Agency's ability to comply with the Freedom of Information and Privacy Acts is seriously impaired by the unique nature of our mission. Despite increased effort and resource commitments, our processing backlog has now reached over 3000 initial requests and almost 400 appeals. More important than the administrative problem is the erosion in the confidence our sources have placed in us. While we have not yet been successful in obtaining

legislation relief, we will continue during the coming session of Congress to significantly reduce the types of intelligence information subject to FOIA.

C. How to Overcome GSA Inadequacies and Provide
the Required Level of Support to Agency Activities

GSA's historical unresponsiveness to CIA requirements has forced this Agency to use its staff to augment GSA responsibilities-- professional personnel that could be more effectively utilized in directly accomplishing CIA tasks. A recent DDA-initiated study recommends that the Agency strive for a GSA delegation of certain specific authorities. We already exercise delegated authorities in ADP Procurement and in the acquisition of office space up to 5,000 square feet. We intend to pursue our recommendations to receive delegation of specific authorities from GSA for such activities as acquisition of leased space, reimbursable work, and maintenance of [REDACTED]

25X1

D. New Building on the Headquarters Compound

In the next year, we will pursue the establishment of a Building Planning Staff whose purpose will be to begin a program of external building consolidation in new facilities on the Headquarters Compound. Activities at 12 buildings (6 separate locations) in Metropolitan Washington, D.C. would be consolidated on the Headquarters Compound with resultant increased efficiency, productivity, security enhancement, and reductions in day-to-day operating costs.

VI. Areas of Anticipated Decision Requirement in
February-April 1981

Appointment of a Deputy Director for Administration

VII. Problems Unique to the Directorate or Office
That Need Attention Over the Longer Run

B. Information Handling

After a year-long Agency-level study and significant Executive Committee review, an Agency Information Systems Architect has just recently assumed his duties. The basic foundation for a strategic plan has been established. Technology has and will continue to play an increasingly important role in the way the Agency restructures itself to more effectively process and use the Agency's principal product--information. Central to this entire area are the Administration Directorate Offices of Communications and Data Processing, and to a lesser extent, Security and Logistics.

C. Community Support

A growing share of the Administration Directorate's resources are being applied to support of non-CIA Intelligence Community requirements. We need to look at this phenomenon over a longer period of time, to understand the impact that it has and will continue to have on CIA users of our services.